

MICHIGAN ECONOMIC INDICATORS

A monthly newsletter on key economic indicators prepared by the Senate Fiscal Agency.

ECONOMIC HIGHLIGHTS



United States

- The preliminary estimate of **inflation-adjusted Gross Domestic Product** lowered the advance estimate of growth in the 4th quarter of 2000 from 1.4% to 1.1%, the slowest rate since the 2nd quarter of 1995. The slowdown reflects slower consumer spending on goods, reduced exports, and nonresidential fixed investment, which were not offset by higher Federal spending and increased consumer spending on services. However, inventories declined for the second consecutive quarter and imports fell.
- **Motor vehicle sales** rose sharply in January, reversing three months of declines, but were still 6.2% below last year's unusually high level. Only sales of imported automobiles declined between December and January, with the seasonally adjusted annual rate of domestic automobile sales up 16.6% from the December level. January U.S. motor vehicle production was up 5.4%, on a seasonally adjusted annual basis, from December, but was 17.0% below last January's level.
- The **U.S. unemployment rate** rose to 4.2% in January, from 4.0% in December. This increase reflected growth in the size of the labor force exceeding growth in the number of jobs. The number employed rose by 163,000 people, while the labor force grew by 466,000.
- **Housing starts** rose 5.3% between December and January, to the highest level since April 2000. However, January 2001 housing starts were still 5.3% below the level one year ago. Declines in housing starts in the Northeast were more than offset by increases in the Midwest and South regions. Most of the growth in housing starts occurred in single unit dwellings, although all types of units posted increases.



Michigan

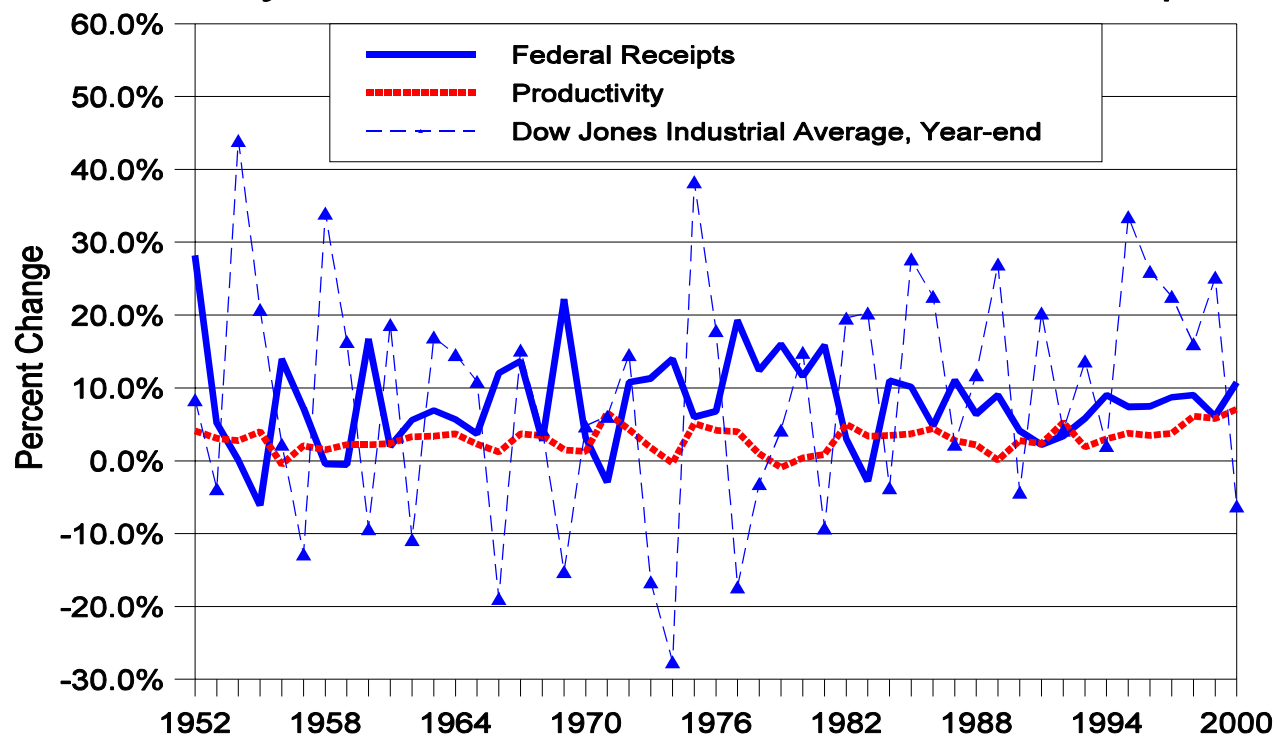
- **Michigan's motor vehicle production** increased 18.2% between December and January, on a seasonally adjusted basis, but was 20.5% below the production level in January 2000. Truck production accounted for most of the softness in motor vehicle production compared with a year ago. Similarly, Michigan truck production fell 1.1% between December and January, while Michigan automobile production increased 30.7%.
- Both **average weekly earnings** and **average weekly hours** fell below year-ago levels in most sectors in December. Manufacturing hours were down 8.8% from December 1999, while weekly earnings for manufacturing workers were down almost 6.5%. The average weekly hours remained above 40 in most goods-producing sectors, and the declines in weekly earnings mostly represent the loss of overtime pay. Average weekly hours and earnings were markedly down in most retail trade sectors. Department store workers experienced an 8.9% decline in hours and a 7.5% decline in average weekly earnings; however, food stores exhibited the greatest improvement of any sector from year-ago levels, with average weekly hours up 2.8% and average weekly earnings up 9.7%.
- **Tax revenues** from Michigan's 12 major taxes totaled \$1.5 billion in February, and were 6.0% below year-ago levels. A sharp fall-off in single business tax revenues accounted for most of the decline.

U.S. & MICHIGAN LABOR MARKET NEWS
(Seasonally Adjusted, Thousands)

U.S.	Jan. 2001	Dec. 2000	Jan. 2000	<u>Change From Dec.</u>		<u>Change From Year Ago</u>	
				Number	Percent	Number	Percent
Labor Force	141,955	141,489	140,645	466	0.3%	1,310	0.9%
Employment	135,999	135,836	134,976	163	0.1	1,023	0.8
Unemployment	5,956	5,653	5,669	303	5.4	287	5.1
Unemployment Rate	4.2%	4.0%	4.0%	---	---	---	---
Michigan	Dec. 2000	Nov. 2000	Dec. 1999	<u>Change From Nov.</u>		<u>Change From Year Ago</u>	
				Number	Percent	Number	Percent
Labor Force	5,223	5,225	5,174	(1)	(0.0)%	49	0.9%
Employment	5,025	5,028	4,995	(2)	(0.0)	30	0.6
Unemployment	198	197	179	1	0.6	19	10.8
Unemployment Rate	3.8%	3.8%	3.5%	---	---	---	---

Source: Bureau of Labor Statistics, U.S. Department of Labor

Productivity, Stock Market Growth and Federal Receipts



Source: Dow Jones Co.; Bureau of Economic Analysis, U.S. Department of Commerce; Office of Management & Budget, Executive Office of the President

MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally Adjusted, Thousands)							
	Dec. 2000*	Nov. 1999	Dec. 1999	Change from Nov. Number Percent		Change from Yr Ago Number Percent	
Wage and Salary Employment	4,600	4,619	4,583	(19)	(0)	17	0
Goods Producing Industries	1,156	1,168	1,171	(12)	(1)	(15)	(1)
Mining	70	6	7	64	1,067	63	900
Construction	197	198	194	(1)	(1)	3	2
Manufacturing	952	964	970	(12)	(1)	(18)	(2)
Durable Goods	720	731	733	(11)	(2)	(13)	(2)
Motor Vehicles & Equipment	272	274	280	(2)	(1)	(8)	(3)
Nondurable Goods	232	233	238	(1)	(0)	(6)	(3)
Service Producing Industries	3,444	3,451	3,412	(7)	(0)	32	1
Trans., Comm. & Utilities	177	178	177	(1)	(1)	0	0
Wholesale Trade	2,381	238	234	2,143	900	2,147	918
Retail Trade	854	856	849	(2)	(0)	5	1
Finance, Insurance & Real Estate	208	208	209	0	0	(1)	(0)
Services	1,284	1,288	1,273	(4)	(0)	11	1
Government	682	683	671	(1)	(0)	11	2

Source: Michigan Department of Career Development - Employment Service Agency * Preliminary

MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS (Not Adjusted For Seasonal Variations)						
Industry	Average Weekly Hours			Average Weekly Earnings		
	Dec. 2000	Year Ago	Percent Change	Dec. 2000	Year Ago	Percent Change
Mining	46.2	44.7	3.4%	\$772.93	\$752.75	2.7%
Construction	35.6	39.1	(9.0)	779.28	829.70	(6.1)
Manufacturing	41.3	45.3	(8.8)	813.61	870.21	(6.5)
Durable Goods	41.4	45.9	(9.8)	872.30	937.28	(6.9)
Motor Vehicles & Equipment	42.3	47.3	(10.6)	1,159.02	1,227.91	(5.6)
Nondurable Goods	41.1	43.1	(4.6)	621.43	646.07	(3.8)
Wholesale Trade	38.5	40.9	(5.9)	663.36	714.11	(7.1)
Selected Retail Trade:						
General Merchandise Stores	27.0	29.3	(7.8)	275.13	293.59	(6.3)
Department Stores	26.5	29.1	(8.9)	270.57	292.46	(7.5)
Food Stores	25.3	24.6	2.8	225.68	205.66	9.7
Auto Dealers & Service Stations	33.2	33.5	(0.9)	391.43	421.10	(7.0)
Selected Services:						
Depository Institutions	35.0	34.9	0.3	390.95	381.81	2.4
Business Services	32.4	34.6	(6.4)	500.90	495.82	1.0
Health Services	32.1	32.1	0.0	516.49	519.38	(0.6)
Engineering & Management	37.0	38.9	(4.9)	695.60	700.59	(0.7)

Source: U.S. Department of Labor, Bureau of Labor Statistics

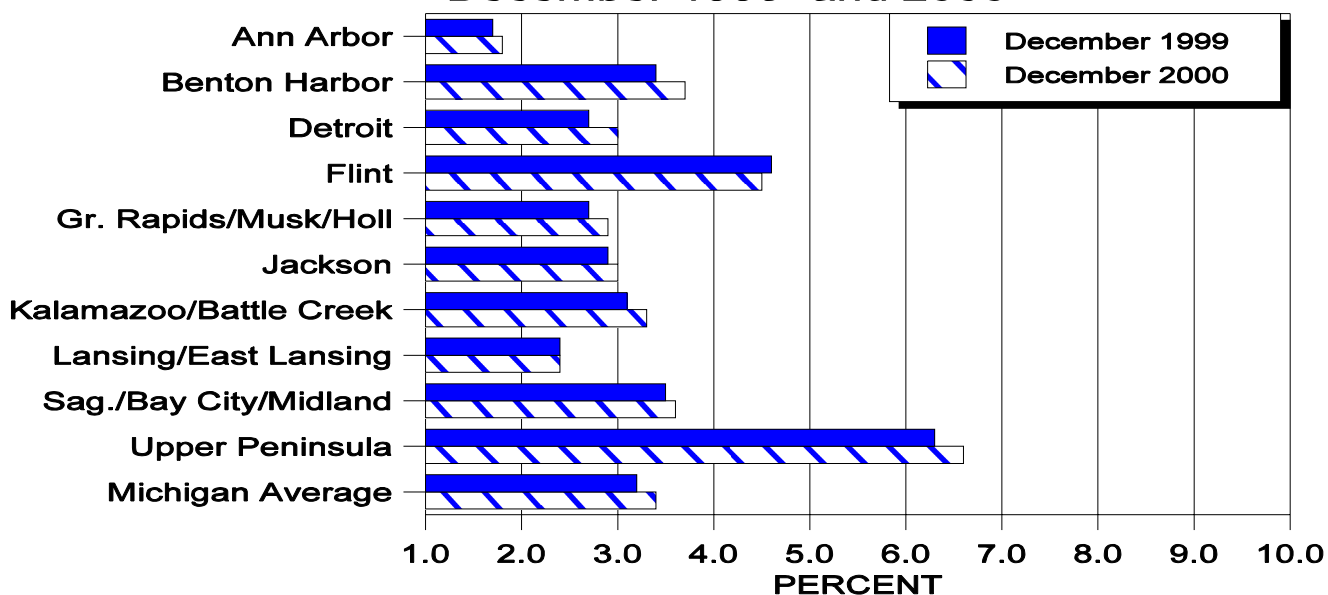
**MICHIGAN UNEMPLOYMENT RATES
BY SELECTED METROPOLITAN AREAS AND MULTI-COUNTY AREAS
(Not Adjusted for Seasonal Variations)**

	Dec. 2000*	Nov. 2000	Oct. 2000	Dec. 1999
Metropolitan Statistical Areas				
Ann Arbor	1.8%	2.0%	1.8%	1.7%
Benton Harbor	3.7	3.7	3.4	3.4
Detroit	3.0	3.0	3.0	2.7
Flint	4.5	4.8	5.0	4.6
Grand Rapids	2.9	3.1	2.9	2.7
Jackson	3.0	2.8	2.6	2.9
Kalamazoo-Battle Creek	3.3	3.4	3.1	3.1
Lansing-East Lansing	2.4	2.5	2.2	2.4
Saginaw-Bay City-Midland	3.6	3.7	3.2	3.5
Multi-County Areas				
Alcona-Iosco	8.5	8.8	6.2	7.3
Grand Traverse-Leelanau	4.4	4.5	3.1	3.9
Houghton-Keweenaw	5.7	5.8	3.1	4.8
Missaukee-Wexford	7.2	6.4	5.7	5.3
Upper Peninsula	6.6	6.8	4.1	6.3
Michigan Statewide Average				
--Unadjusted (comparable to figures shown above)	3.4	3.5	3.1	3.2

Source: Michigan Department of Career Development - Employment Service Agency

* Preliminary

**Michigan Regional Unemployment Rates
December 1999 and 2000**



Source: Michigan Department of Career Development - Employment Service Agency

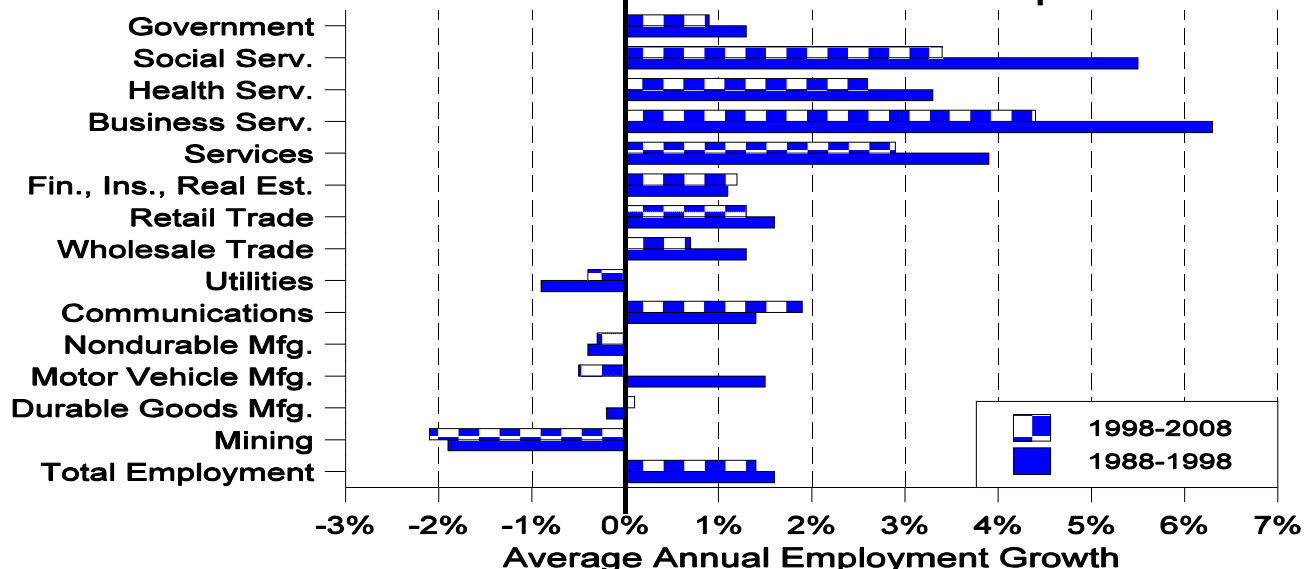
**MOTOR VEHICLE SALES AND PRODUCTION STATISTICS
(Thousands of Units)**

	Jan. 2001	Dec. 2000	Nov. 2000	Oct. 2000	Year Ago Nov.	<u>Percent Change From:</u>	
						Jan./Dec.	Jan. 2001/ Jan. 2000
Motor Vehicle Sales^{1,2)}							
Autos	8,787	7,848	8,477	8,535	9,457	12.0%	(7.1)%
Domestics	6,713	5,759	6,457	6,562	7,415	16.6	(9.5)
Imports	2,074	2,089	2,020	1,973	2,042	(0.7)	1.6
Import Share	23.6%	26.6%	23.8%	23.1%	21.6%	---	---
Light Trucks	8,210	7,458	7,963	8,226	8,565	10.1	(4.1)
Domestics	7,304	6,603	7,095	7,435	7,741	10.6	(5.6)
Imports	906	855	868	791	824	6.0	10.0
Import Share	11.0%	11.5%	10.9%	9.6%	9.6%	---	---
Heavy Trucks	494	492	481	495	628	0.4	(21.3)
Total	17,491	15,798	16,921	17,256	18,650	10.7	(6.2)
U.S. Motor Vehicle Production^{1,2)}							
Autos	5,021	4,762	4,975	5,332	6,050	5.4	(17.0)
Michigan Motor Vehicle Production^{2,3)}							
Autos	1,827	1,398	1,612	1,645	2,004	30.7	(8.8)
Trucks	900	909	1,014	1,153	1,426	(1.1)	(36.9)
Total	2,727	2,308	2,626	2,798	3,430	18.2	(20.5)
Michigan Production as % of U.S.	25.4%	22.4%	22.5%	22.3%	27.0%	---	---
U.S. Motor Vehicle Inventories⁴⁾							
Total Car	1,750	1,756	1,702	1,558	1,723	(0.4)	1.6
Days Supply	74	70	69	59	69	5.7	7.2
Total Truck	2,009	2,046	2,086	2,005	1,901	(1.8)	5.6
Days Supply	93	83	84	80	82	12.0	13.4

Sources: 1) U.S. Department of Commerce, Bureau of Economic Analysis. 2) SAAR = Seasonally Adjusted at Annual Rates. 3) Michigan Department of Treasury, Office of Revenue and Tax Analysis and the Senate Fiscal Agency. 4) Automotive News, Crain Communications, Inc. (ending inventory)

Forecasted Employment Growth by Sector

1988-1998 and 1998-Forecast of 2008 Compared



Source: Bureau of Labor Statistics, U.S. Department of Labor

OTHER KEY ECONOMIC INDICATORS

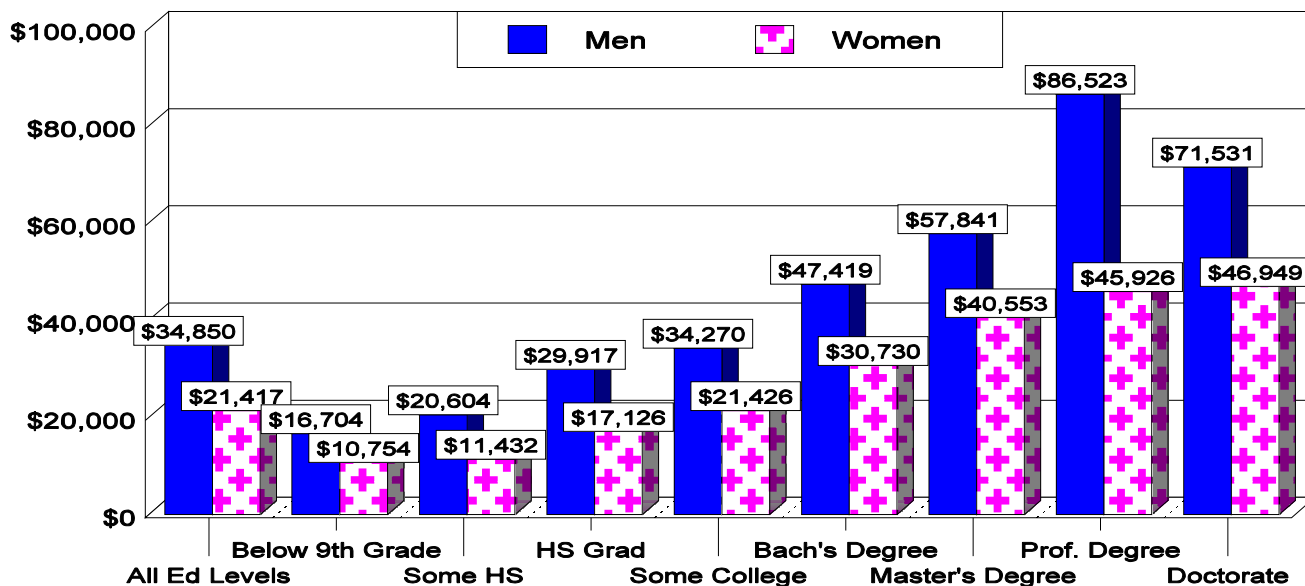
Variable	Latest Period	Actual Data			Percent Change From:	
		Latest Period	Previous Period	Year Ago	Previous Period	Year Ago
Composite Index of Leading Indicators¹⁾ (1992=100, seasonally adjusted)	January	109.4	108.5	110.6	0.8%	(1.1)%
Composite Index of Coincident Indicators¹⁾ (1992=100, seasonally adjusted)	January	116.6	116.4	114.4	0.2	1.9
Housing Starts, U.S.²⁾ (thousands of units, SAAR)	January	1,651	1,568	1,744	5.3	(5.3)
Retail Sales, U.S.²⁾ (billions, seasonally adjusted)	January	\$273.3	\$271.3	\$264.1	0.7	3.5
Industrial Production Index³⁾ (1992=100)	January	147.0	147.4	143.6	(0.3)	2.4
Consumer Price Index⁴⁾ (1982-84=100)						
U.S.	January	175.1	174.0	168.8	0.6	3.7
Detroit	January	171.7	171.9	165.9	(0.1)	3.5
Interest Rates³⁾						
3-month Treasury Bill	December	5.27%	6.83%	5.34%	---	---
Corporate Aaa Bonds	January	7.15%	7.21%	7.78%	---	---
Real Gross Domestic Product⁵⁾ (billions of 1996 \$, SAAR)	2000 4th Qtr.	\$9,394.2	\$9,369.5	\$9,084.1	1.1	3.4
Michigan Tax Collections⁶⁾ (12 major taxes, millions)	Feb. 2001	\$1,522.0	\$2,059.6	\$1,619.7	NM	(6.0)

SAAR = Seasonally Adjusted at Annual Rates. NM = Not Meaningful.

Revenue data vary greatly from month-to-month due to timing and other noneconomic factors.

Sources: 1) Conference Board. 2) U.S. Department of Commerce, Bureau of the Census. 3) Board of Governors of the Federal Reserve System. 4) U.S. Department of Labor, Bureau of Labor Statistics. 5) U.S. Department of Commerce, Bureau of Economic Analysis. 6) Michigan Department of Treasury and the Senate Fiscal Agency.

Median Annual Income, 1999 by Highest Level of Education Completed



Source: Bureau of the Census, U.S. Department of Commerce